

**Standalone Financial Statements****Independent Auditor's Report on the Standalone Ind AS Financial Statements**

To the members of **Shongtong Power Transmission Limited**

**Opinion**

We have audited the accompanying standalone Ind AS financial statements of Shongtong Power Transmission Limited ("the company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2024, the Statement of Profit and Loss, including the Statement of Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for opinion**

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's responsibilities for the audit of the standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.



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## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31 March 2024. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud



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or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(i) of the Act, we are also responsible for expressing an opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended 31 March 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

### **Report on other legal and regulatory requirements**

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the cash flow statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2024 from being appointed as a director in terms of Section 164(2) of the Act.



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- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) In our opinion, the managerial remuneration paid for the year ended March 31, 2024 has been paid/ provided by the company to its directors in accordance with the provisions of section 197 read with schedule V of the Act:
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the pending litigations and its impact on financial position in its Ind AS financial statements- Refer Note 19.6 to the Ind AS financial Statements.
  - The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - Bases on our examinations which included test checks, the company has used an accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility and the same has operated throughout during the year for all the relevant transaction recorded in the software. Further during the course of our audit, we did not come across any instance of audit trail features being tampered with.

**For NVM & Company.**  
**Chartered Accountants**  
**FRN: 012974N**





**CA (Dr) Narender Satya Garg**  
**Partner**

**Membership No.: 092032**

**Place: Delhi**

**Date: 02-05-2024**

**UDIN: 24092032BKCBWY8286**

**Annexure 'A' to the Independent Auditors' Report**

(Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company does not have any Property, Plant and Equipment.
  - (B) The Company does not have intangible assets.
  - (b) As there is no Property, Plant and Equipment during the year, the provisions of clause 3(i)(b) of the Order are not applicable to the company.
  - (c) As there is no Property, Plant and Equipment during the year, the provisions of clause 3(i)(c) of the Order are not applicable to the company.
  - (d) As there is no Property, Plant and Equipment during the year, the provisions of clause 3(i)(d) of the Order are not applicable to the company.
  - (e) As there is no Property, Plant and Equipment during the year, the provisions of clause 3(i)(e) of the Order are not applicable to the company.
- ii.
  - (a) As there is no inventory during the year, the provisions of clause 3(ii)(a) of the Order are not applicable to the company.
  - (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. The Company has not made investments in, companies, firms, Limited Liability Partnerships, and granted unsecured loans to other parties, during the year, hence provisions of clause 3(iii)(a) to 3(iii)(f) of the order is not applicable
- iv. As per information or explanation provided the company has not given any loans, Investment, guarantee, and Security, hence reporting under this clause of the order is not applicable.



- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year and hence the directives issued by Reserve Bank Of India and the provisions of section 73 to 76 of the Act or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder, with regard to the deposits accepted from the public are not applicable.
- vi. Central Government has not specified the company for the maintenance of cost records under the sub-section (1) of section 148 of The Companies Act, 2013 and therefore, the provisions of clause 3(vi) of the Order are not applicable to the company.
- vii. (a) According to the information and explanations given to us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2024 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there has not been any dues of Income Tax which has not been deposited on account of any dispute.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) According to the information and explanations given to us the Company has no loans or other borrowings during the year. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The company has no subsidiary and hence reporting on clause 3(ix)(e) of the Order is not applicable.



- (f) The company has no subsidiary and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. (a) The company has not raised any money by way of public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have not noticed any whistle blower complaints received by the company during the year.
- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii. As per information and explanation given to us all transactions with the related parties are in compliance with section 177 and 188 of companies Act and all the details have been disclosed in the financial statements as required by the applicable accounting standard.
- xiv. (a) The internal audit is not applicable on the company hence reporting under this clause is not applicable.
- (b) The internal audit is not applicable on the company hence reporting under this clause is not applicable.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.



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- xvi. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly is not required to obtain a certificate of registration to be issued in accordance with the provisions of Chapter IIB of Reserve Bank of India Act, 1934.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. In our opinion, provisions of section 135 of the companies act, is not applicable on the company, hence the provisions of clause 3(xx)(a) and (b) of the Order are not applicable to the company.

**For NVM & Company.**  
**Chartered Accountants**  
**FRN: 012974N**

  
**CA (Dr) Narender Satya Garg**  
**Partner**

**Membership No.: 092032**  
**Place: Delhi**  
**Date: 02-05-2024**  
**UDIN:**



**Annexure 'B' to the Independent Auditors' Report**

(Referred to in Paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date)

Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Shongtong Power Transmission Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by The Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a



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material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at 31st March, 2024



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based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For NVM & Company.**  
**Chartered Accountants**  
**FRN: 012974N**



**CA (Dr) Narender Satya Garg**  
**Partner**  
**Membership No.: 092032**  
**Place: Delhi**  
**Date: 02-05-2024**  
**UDIN: 24092032BKCBWY8286**

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**Annexure II**

**M/s. Shongtong Power Transmission Limited**  
**Directions under section 143(5) of the companies Act.2013**  
**for the year 2023-24**

| S.No. | Directions  | Reply   |
|-------|---|---|
| 1.    | Whether the company has system in place to process all the accounting transaction through IT system? If yes, the implications of processing transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.   | All accounting transactions of the company are recorded in Tally Prime software. No accounting transaction is being recorded/processed otherwise than through Tally Prime software.         |
| 2.    | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loan/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of lender Company) | The company has not landed any fund to any entity during the year hence there are no cases of restructuring/waiver/write off of debts/loans/interest etc made by any lender to the company. |
| 3.    | Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.   | During the year no fund has been received from central/state agencies.  |

**For: NVM & Company.**  
Chartered Accountants  
FRN:012974N

  
(Dr) Narender Satya Garg  
Partner  
M. No. 092032  
Date:02-05-2024  
Place: New Delhi



**Compliance Certificate**

We have conducted the audit of annual accounts of **M/s. Shongtong Power Transmission Limited** for the year ended 31<sup>st</sup> March 2024 in accordance with the directions/sub-directions issued by the C&AG of the India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Directions/Sub-directions issued to us.

**For NVM & Company.**  
**Chartered Accountants**  
**FRN: 012974N**



**CA (Dr) Narender Satya Garg**  
**Partner**

**Membership No.: 092032**

**Place: Delhi**

**Date: 02-05-2024**

**UDIN: 24092032 BKCBWY 8286**

**SHONGTONG POWER TRANSMISSION LIMITED**

CIN U42202DL2023GOI415590

Balance Sheet as at 31 March, 2024

(All amounts in ₹ thousands, unless stated otherwise)

| Particulars                           | Notes | As at<br>31 March, 2024 |
|---------------------------------------|-------|-------------------------|
| <b>ASSETS</b>                         |       |                         |
| <b>Non-current assets</b>             |       |                         |
| <b>Total non current assets</b>       |       | -                       |
| <b>Current assets</b>                 |       |                         |
| <b>Financial assets</b>               |       |                         |
| Cash and cash equivalents             | 4     | 500.00                  |
| <b>Total current assets</b>           |       | 500.00                  |
| <b>TOTAL ASSETS</b>                   |       | 500.00                  |
| <b>EQUITY AND LIABILITIES</b>         |       |                         |
| <b>Equity</b>                         |       |                         |
| Equity share capital                  | 5     | 500.00                  |
| Other equity                          | 6     | (5,700.17)              |
| <b>Total equity</b>                   |       | (5,200.17)              |
| <b>Current liabilities</b>            |       |                         |
| (a) Financial liabilities             |       |                         |
| Other financial liabilities           | 7     | 5,554.01                |
| (b) Other current liabilities         | 8     | 146.15                  |
| <b>Total current liabilities</b>      |       | 5,700.17                |
| <b>Total liabilities</b>              |       | 5,700.17                |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> |       | 500.00                  |

Summary of significant accounting policies &amp; other information 1 to 3

The accompanying notes from 4 to 17 are integral part of the financial statements.

These are the financial statements referred to in our report of even date.

**For N V M & Company**

Chartered Accountants

FRN: 012974N



CA (DR) Narendra Satya Garg

Partner

Membership no: 092032

Date: 02/05/2024

Place: New Delhi

UDIN - 24092032 BKCABWY8286

For and on behalf of Board of Directors of

**SHONGTONG POWER TRANSMISSION LIMITED**

Daljeet Singh Khatri

Director

DIN: 06630234

Date: 02/05/2024

Raj Kumar Sonkar

Director

DIN: 10265125

Date: 02/05/2024

## SHONGTONG POWER TRANSMISSION LIMITED

CIN U42202DL2023GOI415540

Statement of Profit and Loss for the year ended from 31 March, 2024

(All amounts in ₹ thousands, unless stated otherwise)

|      | Particulars  | Notes | For the period ended<br>31 March, 2024 |
|------|--|-------|--|
| I    | Income   |       |  |
| II   | Other income   |       |  |
| III  | Total Income (I+II)  |       | -                                      |
| IV   | Expenses   |       |  |
|      | Other expenses   | 9     | 5,700.17                               |
|      | Total expenses   |       | 5,700.17                               |
| V    | Profit/(loss) before exceptional items and tax (III-IV)  |       | (5,700.17)                             |
| VI   | Exceptional items  |       | -                                      |
| VII  | Profit/(loss) before tax (V-VI)  |       |  |
| VIII | Tax expense  | 10    |  |
|      | Current tax  |       | -                                      |
|      | Deferred tax expense/(credit)  |       | -                                      |
|      | Earlier year taxes/(refunds)   |       | -                                      |
|      | Total tax expenses   |       | -                                      |
| IX   | Profit/(Loss) for the period (VII-VIII)  |       | (5,700.17)                             |
| X    | Other comprehensive Income   |       |  |
|      | - Items that will not be reclassified subsequently to profit or loss   |       |  |
|      | Re-measurement gains/(losses) on defined benefit plans   |       | -                                      |
|      | Tax impact on re-measurement gains/(losses) on defined benefit plans   |       | -                                      |
| XI   | Total Comprehensive Income for the period (IX+X)<br>(Comprising Profit (Loss) and Other Comprehensive Income for the period) |       | (5,700.17)                             |
| XII  | Earnings per equity share (in ₹):  | 11    |  |
|      | (1) Basic  |       | (114.00)                               |
|      | (2) Diluted  |       | (114.00)                               |

## Summary of significant accounting policies &amp; other information 1 to 3

The accompanying notes from 4 to 17 are integral part of the financial statements.

These are the financial statements referred to in our report of even date.

For N V M &amp; Company

Chartered Accountants

FRN: 012974N

CA (DR) Narender Satya Garg

Partner

Membership no: 092032

Date: 02/05/2024

Place: New Delhi,

UDIN- 24032032.BKC.BWY8286



For and on behalf of Board of Directors of

SHONGTONG POWER TRANSMISSION LIMITED

Daljeet Singh Khatri

Director

DIN: 06630234

Date: 02/05/2024

Raj Kumar Sonkar

Director

DIN: 10265125

Date: 02/05/2024



## SHONGTONG POWER TRANSMISSION LIMITED

CIN U42202DL2023GOI415590

Statement of Cash Flows for the year ended 31 March, 2024

(All amounts in ₹ thousands, unless stated otherwise)

| Particulars   | For the period ended<br>31 March, 2024 |
|---|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |  |
| Profit / (Loss) before tax  | (5,700.17)                             |
| Operating profit before working capital changes   | (5,700.17)                             |
| <b>Changes in working capital:</b>  |  |
| Adjustments for (increase) / decrease in operating assets:  |  |
| Adjustments for increase/(decrease) in operating liabilities:   |  |
| Trade payables  | 5,554.01                               |
| Other financial liabilities (current)   | 146.15                                 |
| Other current liabilities   |  |
| Cash generated from operations  | -                                      |
| Less: Tax paid  |  |
| Net cash used in operating activities (A)   | -                                      |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |
| Sale/(Purchase) of property, plant and equipment (including capital work-in-progress and intangibles) | -                                      |
| Net cash flow from investing activities (B)   | -                                      |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>  |  |
| Issue of share capital  | 500.00                                 |
| Net cash flow from financing activities (C)   | 500.00                                 |
| Net increase/decrease in cash and cash equivalents (A+B+C)  | 500.00                                 |
| Cash and cash equivalents at the beginning of the year / period                                       | -                                      |
| Cash and cash equivalents at the end of the year / period   | 500.00                                 |
| Reconciliation of cash and cash equivalents as per the cash flow statement                            | 500.00                                 |

Summary of significant accounting policies &amp; other information 1 to 3

The accompanying notes from 4 to 17 are integral part of the financial statements.

These are the financial statements referred to in our report of even date.

For N V M & Company  
Chartered Accountants  
FRN: 012974N



CA (DR) Narender Satya Garg  
Partner  
Membership no: 092032  
Date: 02/05/2024  
Place: New Delhi

For and on behalf of Board of Directors of  
SHONGTONG POWER TRANSMISSION LIMITED

Daljeet Singh Khatri  
Director  
DIN: 06630234  
Date: 02/05/2024

Raj Kumar Sonkar  
Director  
DIN: 10265125  
Date: 02/05/2024

**SHONGTONG POWER TRANSMISSION LIMITED**

CIN U42202DL2023GOI415590

Statement of changes in equity for the year ended 31 March, 2024

(All amounts in ₹ thousands, unless stated otherwise)

**A Equity share capital**

| Particular                   | Amount |
|------------------------------|--------|
| Balance as at 14 June, 2023  | -      |
| Add: Issued during the year  | 500.00 |
| Balance as at 31 March, 2024 | 500.00 |

**B Other equity**

|   | Retained Earnings | Total      |
|---|-------------------|------------|
| Balance as at 14 June, 2023                               | -                 | -          |
| Changes in accounting policy or prior period period error | -                 | -          |
| Balance as at 31 March, 2024                              | -                 | -          |
| Profit / (Loss) for the year                              | (5,700.17)        | (5,700.17) |
| Add: Other comprehensive Income                           | -                 | -          |
| Balance as at 31 March, 2024                              | (5,700.17)        | (5,700.17) |

**Summary of significant accounting policies & other information 1 to 3**

The accompanying notes from 4 to 17 are integral part of the financial statements.

These are the financial statements referred to in our report of even date.

For N V M &amp; Company

Chartered Accountants

FRN: 012974N



CA (DR) Narender Satya Garg

Partner

Membership no: 092032

Date: 02/05/2024  
Place: New Delhi

For and on behalf of Board of Directors of

**SHONGTONG POWER TRANSMISSION LIMITED**

Daljeet Singh Khatri

Director

DIN: 06630234

Date: 02/05/2024

Raj Kumar Sonkar

Director

DIN: 10265125

Date: 02/05/2024

## SHONGTONG POWER TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2024  
(All amounts in Rupees Thousands, unless stated otherwise)

### 1. COMPANY OVERVIEW

Shongtong Power Transmission Limited ("the Company") having CIN U42202DL2023GOI415590 was incorporated on 14.06.2023 at New Delhi. The Company is a wholly owned associate of REC Power Development & Consultancy Limited (RECPDCL). The Company is a Special Purpose Vehicle incorporated for "Transmission system for evacuation of power from Shongtong Karcham HEP (450MW) and Tidong HEP (150 MW)". The Government of India has appointed RECPDCL as Bid Process Co-coordinator for selection of the developer for the project through tariff based competitive bidding process. On completion of the bid process, the successful bidder is to acquire one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities.

### 2. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation and measurement

##### (i) Statement of compliance with Indian Accounting Standards (Ind AS)

The Company prepared its Standalone Financial Statements in accordance with the requirements of Indian Accounting Standards (referred to as "Ind AS") notified under the

Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The financial statements for the period ended 31st March, 2024 were authorized and approved by the Board of Directors on 02.05.2024.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

#### 2.2 Significant accounting policies

##### (i) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

##### (ii) Functional and presentation currency:

These financials have been presented in Indian Rupees (INR), which is also the Company's functional currency, all amounts have been rounded off to the nearest thousands (upto two digits), unless otherwise indicated.



## **SHONGTONG POWER TRANSMISSION LIMITED**

**Summary of Significant accounting policies & other information for the period ending 31st March 2024**  
(All amounts in Rupees Thousands, unless stated otherwise)

### **1. COMPANY OVERVIEW**

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##### **(ii) Functional and presentation currency:**

These financials have been presented in Indian Rupees (INR), which is also the Company's functional currency, all amounts have been rounded off to the nearest thousands (upto two digits), unless otherwise indicated.





## SHONGTONG POWER TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2024

(All amounts in Rupees Thousands, unless stated otherwise)

### (iii) Revenue recognition

Revenue is recognized (as per the five step model laid down under Ind AS 115) to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognize revenue when a performance obligation is satisfied.

Sale proceeds of Request for Proposal (RFP) has been recognized as other income in the books of the holding company i.e., RECPDCL.

### (iv) Property, Plant and Equipment

Property Plant and Equipment are carried at cost less accumulated amortization and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalized with the related assets. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

### (v) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets:

**Initial recognition and measurement** All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent measurement

**Financial assets carried at amortized cost** – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss.



## **SHONGTONG POWER TRANSMISSION LIMITED**

**Summary of Significant accounting policies & other information for the period ending 31st March 2024**  
(All amounts in Rupees Thousands, unless stated otherwise)

### **De-recognition of financial assets**

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognized (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.

### **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure: a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance b) Financial guarantee contracts which are not measured at Fair value through profit & loss account. (FVTPL).

### **Financial liabilities:**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

#### **Subsequent measurement**

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

#### **De-recognition**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



## SHONGTONG POWER TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2024  
(All amounts in Rupees Thousands, unless stated otherwise)

### (vi) Fair value measurement

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;  
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and  
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### (vii) Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognized in Other comprehensive income (OCI) or directly in equity, in which case, the tax is also recognized in Other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are



## SHONGTONG POWER TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2024  
(All amounts in Rupees Thousands, unless stated otherwise)

offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

### (viii) Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

A contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party concerning the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognized. However, when the inflow of economic benefits is probable, the related asset is disclosed.

### (ix) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.





## **SHONGTONG POWER TRANSMISSION LIMITED**

**Summary of Significant accounting policies & other information for the period ending 31st March 2024**  
(All amounts in Rupees Thousands, unless stated otherwise)

### **(x) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **(xi) Impairment of assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

### **(xii) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition and/ or construction of a qualifying asset, till the time such a qualifying asset becomes ready for its intended use sale, are capitalized. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

### **(xiii) Material prior period errors**

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

### **(xiv) Rates and taxes**

Overseas taxes on foreign assignments, indirect taxes, including Goods & Service Tax, professional tax, property tax, entry tax, labour cess, octroi and any other applicable taxes etc. paid/accrued in India or abroad for which credit are not available to the company are charged to the Statement of Profit and Loss.

### **(xv) Expenditure incurred by Holding Company**

All the direct expenses incurred by holding company for SPV has been booked to the SPV as per invoicing done by the holding company. All Indirect / Common Expenses are allocated and invoiced to SPV on the proportionate basis from the month of issue of RFP or incorporation of SPV, whichever is earlier, till the month in which tenth day from the date of issue of Letter of Intent (LOI) for the transfer of the SPV falls. Part of the month, if any, is considered as full month for cost allocation. The holding company charges interest on the funds deployed by it based on the REC interest rate circular for T & D loans for ungraded



## SHONGTONG POWER TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2024  
(All amounts in Rupees Thousands, unless stated otherwise)

organizations, as on the beginning of the period. If bid process activity relating to any SPV is kept in abeyance, due to any reason, no cost allocation for such period of abeyance is made to such SPV and no interest is charged. For direct/indirect expenses, interest is charged from the month in which the expenditure is incurred. Such interest is calculated on monthly basis but recognized at the end of the period.

In accordance to the applicable guidelines of TBCB process as issued by Ministry of Power, Govt. of India, all the direct & indirect expenses, interest incurred by the holding company on behalf of SPV are debited to SPV and recoverable from transmission service provider / successful bidder. Further, the Board of Directors of SPV has approved the allocation/booking of all direct and indirect expenses including interest charge and correspondence invoice by the holding company to the SPV

Expenditure incurred for the SPV by Holding Company on behalf of the Company is considered as "other financial liabilities" (Current). Also, interest is charged on such expenditure incurred by Holding Company and such interest is also included in other financial liabilities.

The major stages of TBCB (Tariff Based Competitive Bidding) process done by holding co. RECPDCL includes issue of RFP (Request for proposal) documents, Pre Bid Meeting, opening of technical bid, shortlisting of qualified bidders, opening of financial bid and e – Reverse auction for qualified bidders, final selection of successful bidder and issue of LOI to successful bidder. The certainty on the construction of the project arises only after the issuance of LOI and transfer of SPV to the successful bidder. Hence expenditure incurred from incorporation till transfer of SPV to the successful bidder is charged to the Statement of Profit and Loss.

Further, wherever, payments relating to the Company are made by the Holding Company and the ultimate Holding Company, procedural and statutory requirements with regard to deduction of Tax at Source and deposit thereof as applicable are also complied with by the Holding Company and the ultimate Holding Company against payments released on their account.

### 2.3 Significant management judgment in applying accounting policies and estimation of uncertainty

The preparation of the Company's financial statements requires management to make judgment's, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Such estimates & assumptions are based on management evaluation of relevant facts & circumstances as on date of financial statements. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

### 3. Significant estimates and judgment's

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.



## SHONGTONG POWER TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2024  
(All amounts in Rupees Thousands, unless stated otherwise)

### *Significant management judgments*

**Recognition of deferred tax assets/ liability** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of the applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Allocation of indirect / common expenses** - Indirect/Common Expenses of the company has been allocated in proportionate basis by the holding company. The allocation percentage has been reviewed based on the prevailing business activities of the holding company during the financial year.

### *Significant estimates*

**Useful lives of depreciable/amortizable assets** – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

**Income Taxes** – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.



**SHONGTONG POWER TRANSMISSION LIMITED**

Notes forming part of Financial Statements for the year ended 31 March, 2024

(All amounts in ₹ thousands, unless stated otherwise)

**4 Cash and cash equivalents**

| Particulars                     | As at<br>31 March, 2024 |
|---------------------------------|-------------------------|
| Balances with banks:            |                         |
| - with bank in current accounts | 500.00                  |
|                                 | <b>500.00</b>           |

**5 Equity share capital**

| Particulars  | As at<br>31 March, 2024 |
|--|-------------------------|
| <b>Authorized equity share capital</b>                     |                         |
| 50,000 Equity shares of Rs 10 each                         | 500.00                  |
|  | <b>500.00</b>           |
| <b>Issued, subscribed and paid up equity share capital</b> |                         |
| 50,000 Equity shares of Rs 10 each                         | 500.00                  |
|  | <b>500.00</b>           |

**i) Terms & Right attached to equity shares:**

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of the liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

**ii) Reconciliation of equity shares outstanding at the beginning and at the end of the period**

|  | As at 31 March, 2024 |               |
|--|----------------------|---------------|
|  | No. of shares        | (₹)           |
| <b>Equity share capital of ₹ 10 each fully paid up</b> |                      |               |
| Balance at the beginning of the year                   | -                    | -             |
| Add: Issued during the year                            | 50,000               | 500.00        |
| <b>Balance at the end of the period</b>                | <b>50,000</b>        | <b>500.00</b> |

**iii) Shareholders holding more than 5% of shares of the Company as at balance sheet date:**

|  | As at 31 March, 2024 |           |
|--|----------------------|-----------|
|  | No. of shares        | % holding |
| 49,994 Equity Shares held by REC Power Development & Consultancy Limited (RECPDCL) and Balance 6 Equity Shares through other nominee of RECPDCL. | 50,000               | 100.00%   |

**iv) Shares held by Promotor:**

|  | As at 31 March, 2024 |           |
|--|----------------------|-----------|
|  | No. of shares        | % holding |
| 49,994 Equity Shares held by REC Power Development & Consultancy Limited (RECPDCL) and Balance 6 Equity Shares through other nominee of RECPDCL. | 50,000               | 100.00%   |

v) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares since its incorporation.





**SHONGTONG POWER TRANSMISSION LIMITED****Notes forming part of Financial Statements for the year ended 31 March, 2024**

(All amounts in ₹ thousands, unless stated otherwise)

**6 Other equity**

| Particulars   | As at<br>31 March, 2024 |
|---|-------------------------|
| Retained earnings                                   |                         |
| Balance at the beginning of the period / year       | -                       |
| Add: Changes due to Accounting Policy               | -                       |
| Add : Transferred from statement of profit and loss | (5,700.17)              |
| Closing Balance at the end of the period / year     | (5,700.17)              |
| <b>Total other equity</b>                           | <b>(5,700.17)</b>       |

**7 Other financial liabilities (Current)**

| Particulars                 | As at<br>31 March, 2024 |
|-----------------------------|-------------------------|
| Payable to holding company* | 5,500.01                |
| Audit fees payable          | 54.00                   |
|                             | <b>5,554.01</b>         |

\* Refer note 12 on related party transactions

**8 Other current liabilities**

| Particulars            | As at<br>31 March, 2024 |
|------------------------|-------------------------|
| Statutory dues Payable |                         |
| - TDS payable          | 146.15                  |
|                        | <b>146.15</b>           |





**SHONGTONG POWER TRANSMISSION LIMITED**

Notes forming part of Financial Statements for the year ended 31 March, 2024

(All amounts in ₹ thousands, unless stated otherwise)

**9 Other expenses**

| Particulars                                     | For the period ended<br>31 March, 2024 |
|---|--|
| Auditor Remuneration                            | 59.00                                  |
| Advertisement                                   | 502.10                                 |
| Consultancy                                     | 265.50                                 |
| Legal & Professional Expenses/MCA & ROC Filings | 22.06                                  |
| Expenses Allocated by Holding Company           | 4,597.68                               |
| Other Interest Expenses                         | 253.83                                 |
|   | <b>5,700.17</b>                        |

**\*Comprises of following:**

|                              |              |
|------------------------------|--------------|
| As auditors- statutory audit | 59.00        |
|                              | <b>59.00</b> |

**10 Tax expense**

| Particulars                      | For the period ended<br>31 March, 2024 |
|----------------------------------|--|
| Current tax                      |  |
| Tax pertaining to current period | -                                      |
| Tax pertaining to earlier years  | -                                      |
| Deferred tax expense/(credit)    | -                                      |

For the period ended  
31 March, 2024

|                                    |          |
|------------------------------------|----------|
| Tax expense                        |          |
| (i) Current tax                    |          |
| Tax pertaining to current year     | -        |
| Tax pertaining to earlier years    | -        |
| (ii) Deferred tax expense/(credit) | -        |
|                                    | <b>-</b> |

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 25.168% .

Accounting Loss before income tax (5,700.17)

At country's statutory income tax rate of 25.168% -

**Adjustments in respect of taxes earlier years**

|  |          |
|--|----------|
| (i) Non-deductible expenses for tax purposes                           | -        |
| (ii) Non-taxable incomes   | -        |
| (iii) Earlier year taxes   | -        |
| (iv) Deferred tax on allowable provisional expenditure of earlier year | -        |
| (v) Deferred tax change due to rate change                             | -        |
|  | <b>-</b> |

In accordance with the notified Indian Accounting Standard 12, "Income Taxes", deferred tax assets on carried forward losses, unabsorbed depreciation and other timing differences have not been accounted in the books. However in the absence of virtual certainty as to its realisation of deferred tax assets (DTA), DTA has not been created.

**11 Basic/diluted earnings/ loss per share**

|   |                 |
|---|-----------------|
| Net profit/(loss) for the year                                | (5,700.17)      |
| Weighted average number of equity shares for EPS (in numbers) | 50,000          |
| Par value per share (in ₹)                                    | 10              |
| Earnings per share - Basic and diluted (in ₹)                 | <b>(114.00)</b> |



**SHONGTONG POWER TRANSMISSION LIMITED**

Notes forming part of Financial Statements for the year ended 31 March, 2024

(All amounts in ₹ thousands, unless stated otherwise)

**12 Related party transactions**

In accordance with the requirements of Indian Accounting Standard – 24 the names of the related parties where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

**a. Details of related parties:**

| Description of relationship | Names of related parties                              |
|-----------------------------|---|
| Holding company             | REC Power Development & Consultancy Limited (RECPDCL) |
| Parent's Holding company    | REC Limited   |

**Key management personnel (KMP)**

The Company is a wholly owned subsidiary of REC Power Development & Consultancy Limited, which is further wholly owned by REC Limited. The Key Managerial Personnel of the Company are employees of REC Limited, deployed on part time basis. No managerial remuneration is paid to them by the Company. The details of such Key Managerial Personnel are as below.

| Name                 | Designation           | Date of Appointment | Date of resignation |
|----------------------|-----------------------|---------------------|---------------------|
| Daljeet Singh Khatri | Chairman and Director | 14.06.2023          | -                   |
| Raj Kumar Sonkar     | Director              | 07.08.2023          | -                   |
| Subrata Aich         | Director              | 14.06.2023          | 07.08.2023          |
| Shambu Shankar Gupta | Director              | 14.06.2023          | -                   |

| KMP's / Directors Remuneration | For the period ended<br>31 March, 2024 |
|--------------------------------|--|
| Remuneration to KMP's          | 0.00                                   |

**b. Transactions with Holding Company (RECPDCL) are as under:**

|  | Name of Related Party     | For period ended 31<br>March, 2024 |
|--|---------------------------|------------------------------------|
| <b>(i) Transactions during the year</b>      |                           |                                    |
| Allocation of expenses                       | Holding Company (RECPDCL) | 5,641.17                           |
| <b>(ii) Outstanding Balances at year end</b> |                           |                                    |
| Payable to Holding Company                   | Holding Company (RECPDCL) | 5,646.17                           |

**13 Capital management policies and procedures**

The Company's capital includes issued share capital and all other distributable reserves (except for specific restricted reserves). The primary objective of the Company's capital management is to maximise shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Company does not have any non-current borrowings and all its capital needs are met by capital or shareholders only.



**SHONGTONG POWER TRANSMISSION LIMITED**

Notes forming part of Financial Statements for the year ended 31 March, 2024

(All amounts in ₹ thousands, unless stated otherwise)

**14 Financial instruments****i) Financial instruments by category measured at amortized cost:**

| Particulars                           | As at<br>31 March, 2024 |
|---------------------------------------|-------------------------|
| <b>Financial assets</b>               |                         |
| Cash and cash equivalents             | 500.00                  |
| <b>Total</b>                          | <b>500.00</b>           |
| <b>Financial liabilities</b>          |                         |
| Other financial liabilities (Current) | 5,554.01                |
| <b>Total</b>                          | <b>5,554.01</b>         |

The carrying amounts of financial assets and liabilities are considered a reasonable approximation of their fair values.

**ii) Fair values hierarchy**

The Company does not have any financial assets or financial liabilities carried at fair value.

The carrying amounts of other financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values.

**15 Financial risk management****i) Risk management**

The main types of risks to which the Company is exposed in relation to financial instruments are as follows:

**A) Credit risk**

The Company only possess cash and cash equivalents as financial asset as on closing dates, hence and credit risk relating to cash and cash equivalents is considered to be negligible as counterparties are banks. The management considers the credit quality of deposits/balances with such banks to be good and reviews the banking relationships on an on-going basis.

**B) Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows, and by anticipating the maturity profiles of financial liabilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Further the Holding Company also incurs all the expenses on behalf of the Company and provides and unconditional liquidity support as an ongoing mechanism basis.

**Maturities of financial liabilities**

The Financial liabilities of the Company comprises of :

- Audit Fees payable - which is paid by Holding Co. on behalf of this Co. and
- Liabilities payable to Holding Co. - The same is discharged by the selected bidder( through TBCB process conducted by Holding Co) which purchases the company by taking over all assets and liabilities of the company .However expected date of the same is not determinable.

**C) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises of currency risk, interest rate risk and price risk.

**Currency risk**

The company does not have any foreign currency transactions, hence, it is not exposed to currency risk.

**Interest rate risk**

As the Company does not have any third party borrowings outstanding, it is not exposed to interest rate risk.

**Price risk**

The company does not have any financial instrument which exposes it to price risk.



**SHONGTONG POWER TRANSMISSION LIMITED**

Notes forming part of Financial Statements for the year ended 31 March, 2024

(All amounts in ₹ thousands, unless stated otherwise)

**16 Ratios Analysis**

| Ratio                      | 31 March, 2024 |             |        | PY Not Applicable |             |        | Analysis   |                     |
|----------------------------|----------------|-------------|--------|-------------------|-------------|--------|------------|---------------------|
|                            | Numerator      | Denominator | Ratios | Numerator         | Denominator | Ratios | % Variance | Reason for Variance |
| Current Ratio              | 500.00         | 5,700.17    | 0.09   | NA                | NA          | NA     | NA         |                     |
| Return on Equity Ratio     | (5,700.17)     | (5,200.17)  | 1.10   | NA                | NA          | NA     | NA         |                     |
| Return on Capital employed | (5,700.17)     | (5,200.17)  | 1.10   | NA                | NA          | NA     | NA         |                     |

1. Current ratio - Numerator includes current assets and Denominator includes current liabilities

3. Return on Equity ratio - Numerator includes Net profit after taxes and Denominator includes average shareholders equity.

8. Return on capital employed - Numerator includes earning before interest and taxes and Denominator includes capital employed (Tangible networth plus total debt

9. As the other ratios are NIL or NA, hence the same are not presented

**Reasons for variation more than 25%****17 Other notes to accounts**

- 17.1 There is no employee in the roll of the Company. Employees working for the Company are in the roll of the holding company i.e. RECPDCL and ultimate holding company i.e. REC Limited. The employee expenses including contributions in respect of liabilities for employee benefit expense towards leave, provident fund, superannuation and all other benefits as applicable are accounted for by the holding company and ultimate holding company. Hence, disclosure requirements under Ind AS 19 is not applicable.
- 17.2 The code on social security 2020 (Code) relating to employee benefit during employment and post employment benefit received presidential accent in September 2020. The code has been published in the Gazette of India. However, the date on which the code will come in to effect has not been notified. However, there are no employees on roll of company.
- 17.3 The company is incorporated on 14.06.2023. This is the first year of the incorporation of company. Hence previous years comparative figures are not available.
- 17.4 The Company is operating in a single segment and therefore disclosure requirements under Ind AS 108 is not applicable.
- 17.5 There has no transaction under section 248 of the companies Act, 2013 with stuck off companies during the year.
- 17.6 The Companies does not have more than 2 layers as specified in sub rule (2) of companies (Restriction on number of layers) Rules, 2017.
- 17.7 The capital commitments, contingent liabilities and claims against the company not acknowledged as debt is Nil. However, amount towards consultancy fees Rs. 9,00,000/- will be payable by the holding co. on behalf of Shongtong Power Transmission Ltd. after it became due.
- 17.8 The company has no non material adjustment event after reporting period.
- 17.9 As per the provision of the companies Act, 2013, the figures have been rounded off to the nearest of Thousand and decimal thereof.
- 17.10 There are no foreign currency transactions during the year. Therefore no disclosures are required under Schedule III of the Companies Act, 2013.
- 17.11 Negative figures have been shown in bracket.
- 17.12 Other additional regulatory information are either NIL or not applicable to the Company
- 17.13 The Company is a wholly owned subsidiary of REC Power Development & Consultancy Limited. The Company is a special purpose vehicle incorporated for "Transmission system for evacuation of power from Shongtong Karcham HEP (450MW) and Tidong HEP (150 MW)". The Government of India has appointed RECPDCL as Bid Process Co-coordinator for selection of the developer for the project through tariff based competitive bidding process. On completion of the bid process, the successful bidder is to acquire one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities.

For N V M & Company  
Chartered Accountants  
FRN-012974N



CA (DR) Narender Satya Garg  
Partner  
Membership no: 092032  
Date: 02/05/2024  
Place: New Delhi

For and on behalf of Board of Directors of  
**SHONGTONG POWER TRANSMISSION LIMITED**

Daljeet Singh Khatri  
Director  
DIN: 06630234  
Date: 02/05/2024

Raj Kumar Bonkar  
Director  
DIN: 10265125  
Date: 02/05/2024